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MIRROR FOR TARIFF PRESSURES

THE clash of opinions over international trade policy has come to a focus in hearings now going on before the House Ways and Means Committee.

On one side are numerous spokesmen for tariff increases in the field of their specific interests. On the other stand those who favor as free a flow of trade as possible, for the sake of our own economy and world stability. President Eisenhower leads the second group.

The President's views were strongly put in a letter to Mrs. Lee at the time of our national Council meeting:

"Our leadership in the free world imposes upon us a special responsibility to encourage the commerce that can assist so greatly in bringing economic health to all peoples. Such commerce, unhampered by needless and excessive barriers, alone can enable the free world to use its manpower, resources and productive facilities with maximum effectiveness.

"It was in this spirit that I urged in the State of the Union message that our future policy recognize the importance of profitable and equitable world trade. I have recommended that the Congress extend the present Reciprocal Trade Agreements Act for one year. During this time an intensive study will be made of our whole foreign economic policy. National interest, it is true, demands that we certainly not ignore legitimate safeguarding of domestic industries, agriculture and labor standards. Yet we must at the same time always remember and apply the truth that sound United States domestic policy and foreign policy cannot be disassociated, and must in fact be one coherent policy. . . ."

There is real danger that new trade restrictions may be adopted even before the study the President has initiated can begin.

Simpson Bill Immediate Threat

The House Ways and Means Committee has based its hearings not on the President's proposal, but on a bill introduced by Rep. Simpson (R., Pa.), H. R. 4294. While this bill would extend the Trade Agreements Act, it would add such severe restrictions as these:

1. Import quotas on fuel oil, lead and zinc.

2. An increase in the number of Tariff Commissioners from six to seven, thus changing the bi-partisan nature of the Commission.

3. Removal of the President's discretion to accept or reject Tariff Commission findings under the peril point and escape clause provisions of the Act that were added to it in 1951.

4. Changing the criteria for determining whether the tariff should be raised from "serious injury" to "unemployment of or injury to American workers, miners, farmers, or producers, producing like or competitive articles, or impairment of the national security."

Under the escape clause amendment in the present Act the Tariff Commission is required to conduct a full-scale investigation whenever a domestic producer claims he is being hurt or expects to be hurt by import competition. However, the President can accept or reject the Commission's findings, in the light of his own view of the effect of any proposed tariff increase on our foreign policy as a whole.

Under the peril point amendment, before the U. S. can negotiate tariff reductions with other nations, the Tariff Commission is required to determine how far tariffs on particular commodities could be lowered with-

out injury to domestic industries. The Simpson bill would make it mandatory on the President to accept the peril point and escape clause findings of the Commission.

Some Industries Want More Protection

In the hearings thus far, representatives of many industries have supported the Simpson bill—indicating a desire for tariff increases on oil, coal, gloves, eye glasses, clothes pins, metals, textiles, and many other commodities. Some of these industry representatives would prefer a bill even more restrictive than H. R. 4294.

The League of Women Voters opposes the Simpson bill, and urges Congress to pass the one-year extension the President has requested. The League opposed the escape clause and peril point amendments when the Act was renewed in 1951, and still opposes them.

(Continued on page 2)

Time For Action

RECIPROCAL TRADE: *This is the time for League members and other interested citizens to write to their Congressmen and Senators, asking that they renew the Trade Agreements Act for one year without restrictive amendments and that they oppose the Simpson bill.*

* * * * *

U.N. APPROPRIATIONS: *Now, also, supporters of the U.N. should write to their Senators requesting that the Senate follow the House action of May 5 by voting the full amount of the U.S. quota for the U.N. and specialized agencies. See story on page 4.*



From the
PRESIDENT'S Desk

DEAR MEMBER:

THE 1953 national Council has come and gone—with the inevitable lack of time to discuss all our ideas and mutual concerns. In spite of this, it was a splendid and inspiring meeting because of the caliber and integrity of League leaders who were there.

The Council did its best to view League work and decisions in relation to our times. With world tensions at fever pitch and a heavy burden of leadership resting upon the United States, responsible citizens cannot escape a sense of strain, frustration and apprehension. In such an atmosphere, small wonder the LWV finds that it takes increasing time and energy to carry out its purposes!

League growth, however, indicates new recognition of the value of our work. Local Leagues grew from 824 to 917 in the past year; membership increased by 16,000 bringing the total to 122,000. This means that you who do the work are doing it outstandingly well.

Another index to increased vitality and confidence is the \$230,828 budget adopted by Council, the largest in our history.

The Council strongly reaffirmed support for the UN, agreeing that the League must renew efforts to build an accurate understanding of the UN in our communities. It felt that the League's great contribution will be to promote fair examination of the facts to alleviate growing public confusion and dissatisfaction.

Delegates were gravely concerned lest passage of the Bricker Amendment jeopardize constructive foreign policy action by the Administration. However, uncertain of the degree of membership preparation and opinion, the Council felt it would be necessary to stimulate further discussion in local Leagues before a position is reached.

Delegates favored continuing League support for an effective program of economic aid to under-developed countries, both by the U. S. and through the UN.

We will support renewal of the Reciprocal Trade Agreements Act with continued disapproval of existing restrictive amendments and opposition to new ones. The Council agreed that the League should support a simple one-year extension of the present law to allow the Administration time to develop its proposals for a more liberal trade policy.

No action on congressional budgetary procedures was indicated, but the Council felt that Item II is proving ideal for long-term community education.

The Council also advised the Board that it desired action against the proposed Constitutional amendment to limit federal income taxes to 25 per cent. State Leagues will be alerted to watch for such measures in their legislatures.

All in all, the Council meeting revealed a strong and vital organization; one beset with inevitable but not insurmountable problems due to great growth; and one determined to strengthen democratic principles and processes.

Percy Maxim Lee

New Security Program

PRESIDENT Eisenhower's Executive Order of April 27, establishing a new federal security program, was published after the last NATIONAL VOTER went to press. Effective May 27, Security standards will be applied to all federal positions, replacing the separate *Loyalty*, *Suitability*, and *Security* programs.

Some safeguards provided for the individual in the outgoing loyalty program, including the right of appeal to a Civil Service Loyalty Review Board, will be discarded. Any doubt may now lead to dismissal of a civil servant although in the past "reasonable doubt" of his loyalty was required. Moreover, all cases in which complete investigations have been conducted because of unfavorable information are to be reopened.

Seven factors will provide the chief grounds for determining whether employment is "clearly consistent with the interests of the national security." The first factor contains five general items concerning personal character traits such as "any behavior, activities or associations which tend to show that the individual is not reliable or trustworthy," and "any deliberate misrepresentations, falsifications, or omission of material facts." The other six points concern disloyalty. They range from advocating the use of force to overthrow the government, to committing espionage. Investigations "shall not be limited" to these criteria.

The department head is the final authority in all security cases. He decides what positions are "sensitive" and require intensive investigation. He can also determine how to evaluate and use evidence. The Executive Order leaves it to him, with the advice of the Attorney General, to establish machinery for reviewing adverse decisions.

Recommended regulations issued by the Justice Department provide for three-man hearing boards, composed of federal officials from other departments, selected from a pool. There is no appeal from the findings of these boards except to the department head. There is no requirement that challenged employees be told the source of charges against them.

The Executive Order makes the Civil Service Commission the watchdog of "fair, impartial, and equitable treatment." However, because so much discretion is left to department heads, its effect on the caliber and morale of government career service will depend on how it is administered.

TARIFF—Continued from page 1

Although the League supports a one-year extension of the Trade Agreements Act, the danger that the trade situation may deteriorate is evident. There may be a steady decrease of our exports because other nations cannot earn sufficient dollars. In addition it is likely that the advocates of higher tariffs will continue to exert pressure on the Congress and the Tariff Commission for protection. Already the House Agriculture Committee is holding hearings on bills to impose quotas and high tariffs on many imported farm products. Bills to increase the tariff on tuna fish and watches are pending. The Administration has all but promised an increase in the tariff on imported wool.

Therefore, the sooner the Administration can arrive at its proposed trade program, the better.

25% TAX LIMIT PROPOSED

IN many state legislatures and in Congress there is a renewed effort to place constitutional limits on the federal power to tax incomes, gifts and estates.

This two-headed movement utilizes both methods of amending the Constitution: (1) action by the state legislatures requesting Congress to call a convention to propose an amendment to the Constitution limiting income taxation to 25 per cent; (2) direct action by Congress proposing such an amendment. The second method does not entail a Constitutional convention but does require approval by three-fourths of the states, as does the first.

The movement in the state legislatures has been underway for 15 years. Its proponents claim to have gained approval of their proposals in as many as 28 out of the necessary 32 states. However, many states have rescinded their previous action, the legal effect of which the proponents dispute. The proposal is currently before at least twelve state legislatures. The state movement is spearheaded by the Organization to Repeal Federal Income Taxes and has received extensive backing from such organizations as the American Taxpayers Association, the Western Tax Council, and the Committee for Constitutional Government.

The more direct method of amending the Constitution is provided for in the companion bills H. J. Res. 103 and S. J. Res. 23 introduced respectively by Rep. Chauncey Reed and Sen. Everett Dirksen, both of Illinois. These bills propose a Constitutional amendment which would set a 25 per cent tax ceiling unless three-fourth of both Houses voted for a higher levy.

Proponents of this percentage tax limitation maintain that their main purpose is to cut government spending. They also stress the effect of high tax rates on business incentive. They argue that such an

amendment would provide more reassurance than statutory law against what they consider to be abuses of the federal taxing power.

Recent surveys have indicated that the tax limitation movement is on the wane. However, even the possibility of such a Constitutional amendment has serious implications. Placing a percentage limitation in the Constitution, by drastically restricting the federal government's power to tax, would dangerously limit the government's scope of operation. It should be possible to change tax policy to meet the needs of the time through the more flexible legislative route.

Furthermore any such percentage limitation strikes at the whole principle of taxes based on the ability to pay. According to U. S. Treasury Department estimates, federal revenues would drop about 28 per cent if such a limitation were imposed. The result would be either extremely drastic cuts in governmental operations, tremendous federal deficit, or use of other sources of revenue, such as a federal sales tax, which is generally considered regressive, i.e. affecting those least able to pay.

As a staff report of the Joint Committee on the Economic Report and the House Small Business Committee concluded: "The more forthright and effective taxpayer and citizen movements for lightening the tax load are properly focusing upon government expenditures and government management rather than on methods of shifting the tax burden from their own shoulders to others." (See *THE NATIONAL VOTER*, March 15, 1952 for further background on this problem.)

The National Board at its post-Council meeting, following advice from the Council, authorized League action against the tax limitation proposal, including State League opposition to such a proposal in their state legislatures.

Platform Undergoes Surgery

THE LWV "Platform", in 30-odd years, has become a somewhat crowded "filing cabinet." Many members find it confusing; others feel it imposes too heavy a burden of continuing responsibilities. The 1952 National Convention voted to set up a committee to review policies for Platform use and to revise the format.

Mrs. Allan Mitchell is chairman of a committee which is now hard at work separating guiding principles from historical record and determining how best to handle the question of authority for adoption of local and state current agenda and authority for national action on specific issues.

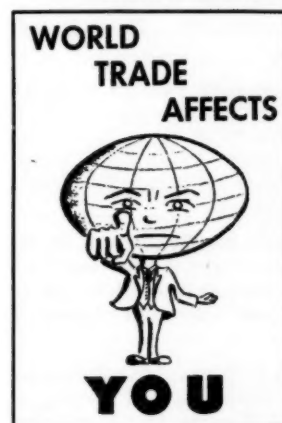
Between now and July 15, League members are urged to discuss the specific Platform items they think should be deleted or retained. Local League Presidents are asked to communicate such views to the Platform Committee.

A revised format, policies for Platform use, and provisions for periodic review will be acted on at the 1954 Convention.

League Voice on UNESCO Commission

Mrs. Werner T. Blanchard, former Ohio state President, has been appointed by the national Board to represent the League on the UNESCO National Commission. This body, composed of representatives from government agencies, private organizations and individuals, does not take action but serves in an advisory capacity to the U. S. UNESCO delegation. Membership on the Commission does not imply endorsement of all UNESCO's activities.

Have You Seen . . . ?



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POINTS OF VIEW—THE U.N.—Recorded discussion by Mrs. John G. Lee, Senator Sparkman (D., Ala.), Senator Cooper (R., Ky.), and Mr. James Reston, The Washington correspondent of The New York Times, 26 minutes, \$1.00 from the national office.

Full Quota for the U.N.

ACCCEPTANCE by the U. S. of its full quota of the budget for the U.N. and the specialized agencies has been voted by the House.

The League submitted the following testimony to the Senate Appropriations Committee in a statement by Mrs. John G. Lee, president: *"The League of Women Voters of the U. S. requests the Congress to appropriate the full U. S. quota of the budgets of the United Nations and the specialized agencies."*

"The principle involved in carrying out this obligation is most important. The U. S. is the leading country in the U.N. and often our practices set the standard for other nations. If individual member nations of the U.N. do not pay their share of the budget, the organization will collapse. We have noted that Congress has repeatedly stated that U. S. should not pay more than 33⅓ per cent of the regular budget of any U.N. agency. Beginning in 1954 the U. S.

share of the U.N. will be reduced to 33⅓ per cent. It is, however, important that the U. S. pay its budgeted share for 1953 which is 35.12 per cent."

In recommending that the House vote the full amount required this year, the House Appropriations Committee sounded an ominous note.

"The Committee expects the Department (of State) to make every effort to reduce the number of organizations to which we contribute in order to avoid duplication and waste and also to obtain reductions in the amounts we are requested to contribute. Reductions in our percentage of contributions are not sufficient if the over-all budgets of these organizations are allowed to increase. Unless additional results are forthcoming, stringent limitations can be expected."

It is not known what organizations the Committee had in mind but it is clear that some members of Congress would like to see fewer international organizations than exist today.

★ CONGRESSIONAL SPOTLIGHT ★

Re-examine Foreign Economic Policy (H. Doc. No. 138): Letter from the President to Congress recommending establishment of a Commission to make a year's study of U. S. foreign economic policy. Proposed Commission would be composed of three Senators, three Representatives and five members appointed by the President. Referred to the Senate Finance Committee and the House Foreign Affairs Committee.

Trade Agreements Extension (H. R. 4294): See page 1.

Mutual Security: Administration proposals for the continuance of the Mutual Security Program were presented by department heads at a joint meeting of the Senate Foreign Relations and House Foreign Affairs Committees May 5. The amount recommended for continuance of the program was \$5.8 billion, which is \$1.7 billion less than the amount recommended in previously proposed budget estimates. Hearings will continue in both committees.

Insurance for American Exporters (S. 1413, H. R. 4465): Senate and House passed these bills May 7 which authorize the Export-Import Bank to utilize up to \$100 million of its existing lending authority to provide a limited type of insurance for American exports held in foreign warehouses for sale.

Study of U. S. Foreign Trade (S. Res. 25): Senate Banking and Currency Committee reported this resolution April 27, providing for an investigation of means to expand foreign investment and trade and requesting \$150,000 to cover its cost.

Item Veto (H. J. Res. 43 and H. J. Res. 105): Subcommittee of House Judiciary Committee held hearing on April 24 on these two bills by Keating (R., N. Y.) and Bennett (D., Fla.), supporting proposals for the item veto in appropriation bills.

Tidelands (S. J. Res. 13): Senate passed bill to approve State ownership of navigable lands within State boundaries May 5, by roll call vote of 56-35. Bill now goes to House, which passed a different version April 1.

Immigration Study: The President, in a letter sent April 6 to Sen. Watkins (R., Utah), chairman of the

Joint Committee on Immigration and Nationality Policy, asked Congress to make a study of possible "serious and inequitable restrictions in the McCarran-Walter Immigration Act of 1952". He listed ten provisions in the Act about which, he said, he has received complaints. Watkins said his committee has been studying the Act but probably will not recommend revision this session.

Emergency Protection for Agriculture (S. 1680): Introduced by Sens. Aiken (R., Vt.) and Holland (D., Fla.) April 17, this bill would allow tariff and quota adjustments to be made on agricultural products if the Secretary of Agriculture declared an emergency existed with regard to imports damaging domestic industry. Referred to Senate Committee on Agriculture and Forestry.

Wool Imports (H. R. 4879): Introduced by Rep. Stringfellow (R., Utah) April 27, the bill would amend the Tariff Act to impose a special equalization duty upon wool for which a parity price has been established. Referred to House Ways and Means Committee.

Lead and Zinc Imports (H. R. 4796): Introduced by Rep. Withrow (R., Wis.) April 22, this bill would amend the Tariff Act to provide a flexible duty on the importation of lead and zinc "so as to stabilize the domestic production of such articles". Referred to House Ways and Means Committee.

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